

GHANSHYAM SHARES & STOCK

BROKERS PRIVATE LIMITED

POLICY ON IDENTIFICATION OF BENEFICIAL OWNERSHIP OF CLIENT'S ACCOUNT

OBJECTIVE:

The primary objective of this policy is to ensure that the company is aware as to who is the ultimate beneficiary of the transaction and that the transactions executed, through the mandate holder is bonafide. It is possible that some of the individual clients might appoint a mandate holder. Normally the trading account is opened in the name of various family members but one of the family members can hold the mandate. Also, in case of some Non-Resident Indian (NRI) clients who are based abroad, there may be on a Power of Attorney/Mandate in favour of a person/s residing in India.

SCOPE:

The scope of this policy would cover all the clients. The Beneficial owner has been defined as the natural person or persons who ultimately own, control, or influence a client and/or persons on whose behalf a transaction is being conducted, and includes a person who exercises ultimate effective control over a legal person or arrangement.

POLICY:

As a part of Customer Due diligence, the company has to obtain sufficient information from the client in order to identify and verify the identity of the persons who beneficially own or control the securities account.

Whenever any account is operated by a mandate holder, find out the relationship of the mandate holder with the client, followed by establishing the identity of the mandate holders by obtaining proof of identity and address.

We should not accept any payment from the account of mandate holder in favour of the client. All the payments have to be received from the client's bank account only for which the Power of Attorney (POA) holder may or may not have the mandate to operate the bank account. Similarly pay-out cheques should be issued only in the name of the client and not in the name of the mandate holder. In case there is suspicion on the relationship between the mandate holder and the actual client or in case the behaviour of the mandate holder is suspicious, do take necessary advice from the Business Head.

Further, in view of above, we have adopted the following policy for Identification of Beneficial Ownership :

1. Client which is an individual: The ownership of the individual account is to be identified at the time of opening of the account as stated in the Demat account and bank account which stands in the name of the account holder. Ensure that proper KYC is completed in all due respects.

2. Clients other than individuals or trusts: In case of Non-individual client or trust i.e. Company, partnership or unincorporated association/body of individuals, the company will identify the beneficial owners of the client on the basis of following information.

a. The identity of the natural person, who, whether acting alone or together, or through one or more juridical person, exercises control through Ownership or who ultimately has a controlling ownership interest. Controlling ownership interest mean :

i. Ownership of more than 25% of shares or capital or profits of the Juridical Person, where Juridical Person is a company.

ii. Ownership of more than 15% of the capital or profits of the juridical person where juridical person is a partnership.

iii. Ownership of more than 15% of the property or capital or profits of the juridical person where juridical person is an unincorporated association or body of individuals.

b. In cases where there exists doubt under clause 2(a) above as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity of natural person exercising control over the juridical person through other means. Control through other means can be exercised through voting rights, agreement, arrangements or in any other manner.

c. Where no natural person is identified under clauses 2(a) or 2(b) above, the identity of the relevant natural person who holds the position of senior managing official.

d. Ensure that the account is operated by the authorised signatories as supported by the requisite Board Resolution of the respective company along with their specimen signatures.

3. Client which is a trust: In case the client is a trust, the Company will identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the settler of the trust, the trustee, the protector, the beneficiaries with 15% or more interest in the trust, and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

4. Client is Listed Companies: In case the client or the owner of the controlling interest is a company listed on a stock exchange or is a majority-owned subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies. However proper due diligence in terms of KYC for all the authorised persons need to be completed.

5. Client is Foreign Investors (i.e. foreign institutional investors, Sub Accounts and Qualified Foreign investors) the clarifications given in SEBI Circular No: CIR/MIRSD/11/2012 dated: 05/09/2012 must be followed for identification of Beneficial ownership of the client.

REVIEW OF POLICY AND MAINTENANCE OF RECORDS

This policy may be reviewed as and when there are any changes introduced by any regulatory/statutory authorities or as and when considered necessary on account of business requirements and risk management policy. The compliance officer as such would periodically review this policy and would ensure its compliance along with the operations department.